

REMARKS

Claims 3 and 11 were previously cancelled without prejudice and claims 1, 2, 4-6, 10, 12-15, and 23-28 were previously withdrawn. Claims 7-9 and 16-22 remain pending in the application, for a total of ten (10) pending claims. Claims 7 and 8 are independent claims, while claims 9 and 16-22 are dependent claims.

The Patent Office has twice rejected all of the pending claims (claims 7-9 and 16-22) under 35 U.S.C. § 102(b) based on public use or sale citing the Information Disclosure Statement (IDS) Applicant filed on 4/9/2002. The Patent Office argued that because the Applicant received payment for accounting services performed prior to the critical date, that an offer for sale occurred prior to the critical date and that the invention is barred from patentability. In response, Applicant has stated and provided evidence that the activities that took place prior to the critical date were limited to permissible experimental use.

Rather than evaluating experimental use based only on whether money has changed hands, courts have found that for the experimental use exception to apply, experimentation must be the primary purpose, and any commercial exploitation, such as sales, must be incidental. *Allen Eng'g Corp. v. Bartell Indus. Inc.*, 19, 299 F.3d 1336, 1354, 63 USPQ2d 1769,1780 (Fed. Cir. 2002). Further, adequate proof of experimentation negates a statutory bar. *Id.* at 20, citing *EZ Dock v. Schafer Sys. Inc.*, 276 F.3d 1347, 1352, 61 USPQ2d 1289, 1292 (Fed. Cir. 2002).

Here, Applicants have submitted evidence in the form of a sworn affidavit that use of the invention before the critical date "was primarily experimental, and the compensation received was incidental to the experimental purpose of perfecting the invention." This quote is found in the Affidavit of Experimental Use (the Green Affidavit) which was submitted with Applicant's reply that was filed on August 15, 2005, and was signed by inventor Phillip M. Green. For convenience, another copy of the Green Affidavit is submitted herewith. No contrary evidence has been presented in this case, and the Patent Office has not objected to or questioned the Green Affidavit.

In addition, the Patent Office has cited no precedent for the position that receipt of money necessarily negates experimental use. In contrast, money was received by the patentee in the original landmark case *City of Elizabeth v. Am. Nicholson Pavement Co.* 97 U.S. 126,134 (1877) (use of wooden pavement system for payment prior to the critical date was experimental use and was not a bar). Furthermore, money was received by the patentee in the recent Federal Circuit cases of *Allen Eng'g Corp. v. Bartell Indus. Inc.*, (experimental use was not precluded by the sale of 100 copies of the invention prior to the critical date) and *EZ Dock v. Schafer Sys. Inc.* (patented dock was sold before the bar date for 75 percent of the eventual retail price and used publically while being inspected and repaired by the inventor). Applicant's counsel is aware of no contrary case law and none has been cited by the Patent Office. Consequently, Applicant submits that receipt of money does not negate experimental use where, as here, experimentation is the primary purpose, and receipt of money is incidental. Thus, in this case, the evidence and the law is against a finding of a rejection under 35 U.S.C. § 102(b) based on public use or sale, and Applicant requests reconsideration of this rejection.

The Patent Office has also rejected all of the pending claims (claims 7-9 and 16-22) under 35 U.S.C. § 103 as being unpatentable (obvious) over Blasnik *et al.* (US 2003/0050877). The Patent Office stated in the Final Office Action that Blasnik taught everything in the claims except for the "sequence of the method steps", which "would have been obvious to one of ordinary skill in the art at the time of the invention". Without consenting to the above statement, Applicant submits that Blasnik *et al.* does not qualify as prior art against Applicant's invention. Blasnik was filed on September 10, 2001. However, as stated in the Green Affidavit, "the invention was used by the Bank of New York (BNY) to perform accounting services for JP Morgan prior to February 15, 2001", about seven months prior to the filing of Blasnik. Consequently, undisputed evidence has previously been placed on that record that the Applicant invented the current invention prior to the filing of Blasnik *et al.* Further, Applicant submits that Applicant was diligent in the pursuit and reduction to practice of the

invention and that the experimentation performed on the invention, as described in the Green Affidavit, constitutes undisputed evidence of such diligence.

Consequently, Applicant submits that Blasnik *et al.* does not qualify as prior art under 35 U.S.C. § 103, and should be eliminated from consideration as a reference. Applicant's further submit that the other references cited do not, at least without Blasnik, teach or suggest all of the limitations of the current claims, and that Applicant was diligent in pursuit of the invention. As a result, Applicant requests reconsideration of this rejection under 35 U.S.C. § 103.

In conclusion, Applicant submits that all grounds for rejection have been overcome. Reconsideration and allowance of all pending claims is requested.

Respectfully submitted,

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